



Testimony
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Before the
Planning & Development Committee
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The Connecticut Water Works Association (CWWA), a trade association of municipal, private and regional public water suppliers, has concerns with provisions in **SB-332, AN ACT AMENDING THE CHARTER OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY**, which require a water company to charge all customers uniform rates.

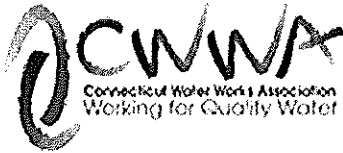
A safe, adequate supply of water is critical to the public health, safety, agricultural and economic development needs of the state. Connecticut's public water suppliers, which include municipal, regional and investor-owned utilities, have a successful track record of providing customers with quality public water supplies at a reasonable cost.

As such, CWWA is concerned that SB-332 sets a difficult precedent by undermining the ability of a water company to appropriately set rates to fully recover the costs of providing service to its customers and provide communities with a safe, supply of quality water. As a matter of policy, if a water company is not permitted to set rates to recover the costs associated with providing service to other communities, it would not be prudent or fair to its existing customers and would not be a sustainable model.

This precedent could make it cost-prohibitive for water companies to invest in infrastructure, treatment and supply development to meet the public water supply needs of Connecticut's communities. The water company incurring costs to make the infrastructure improvements and other capital investments needed to deliver a safe, reliable supply of public water to adjacent communities should be able to charge the customers who benefit from the provision of service appropriately for the necessary investments and associated operating costs.

Moreover, the host municipality or member towns may also incur bonded indebtedness and accompanying debt service payments in order to invest in infrastructure to serve other communities. The host municipality or member towns and their residents – not the non-member towns - are responsible if the bonds are defaulted upon. As such, higher rates for customers outside the city limits have been found just and reasonable because the debt service and depreciation associated with infrastructure improvements outside the city should be allocated to the customers in those areas and not others.

There are currently 31 municipal water departments and three regional water authorities that operate their own water system. Under current law, the governing body of the municipal or regional water company sets the rates after a public hearing. In addition, there are several special



districts that have been established to provide water service and the rates are set by the district residents. The rates must be “just and equitable” and sufficient in each year for the operation, repair, replacement and maintenance of the system. Water customers can and do make their concerns known at the public hearings, as well as directly with public officials.

There is variability among rates charged to water customers due to a variety of factors, including the particular revenue requirements of the provider, cost of debt and the age and type of physical infrastructure. For example, some municipalities charge a higher rate for customers outside the city limits due to higher capital and operational costs associated with serving customers that are more distant and/or in less densely populated areas beyond the core municipal water system. In addition, higher costs due to the need for longer water lines that are necessary to serve those more remote customers, more pumps and increased energy costs per customer, more water tanks per customer, etc. Lastly, differences in elevation and topography may result in higher costs.

Dictating that a water company must charge a uniform rate for all customers disregards factors that may warrant rate variability. Therefore, **CWWA urges you to oppose Section 1 of SB-332.**

The Connecticut Water Works Association, Inc. (CWWA) is an association of private, municipal and regional public water supply utilities serving about 2½ million people located throughout Connecticut.